

STATE OF THE STATE 2006
JANUARY 10, 2006
PIERRE, SOUTH DAKOTA
GOVERNOR M. MICHAEL ROUNDS

Thank you very much, Lieutenant Governor Dugaard. Mr. Speaker, members of the State Senate and the State House of Representatives, my fellow public servants, and the people of South Dakota....welcome to the 2006 legislative session.

I want to start today with the same two words I started with last year....those two words are—Thank You. Thank you first of all to the legislators and my fellow public servants for your cooperation and hard work. And, thank you to the citizens of South Dakota for giving all of us the privilege of working for you.

As we assemble here to do the people's business, I want to also give a very special thank you to our military and their families. Since 9/11, the South Dakota Army National Guard has mobilized more than 2,700 soldiers from 30 different units to support the Global War on Terrorism. During the deployment peak, South Dakota had more than 1,500 soldiers in Iraq.

More than two-thirds of the South Dakota Air National Guard's 1,000 members have actively supported the Global War on Terrorism. Currently, approximately 160 soldiers remain on active duty.

Today, here with us, representing our National Guard and all South Dakota's men and women who serve in the military and protect our freedoms every day, we have six special guests. They are six of seven members of the Simons family who have been or are members of our National Guard.

I know most of you here today have probably heard me tell the story of the young South Dakota soldier I met while attending the Redfield deployment ceremony in 2003. I saw a young soldier and two older soldiers—all with the same last name. All of them were members of Charlie Battery, 2nd Battalion, 147th Field Artillery. Then, I learned that since 1956, 50 years, there has always been at least one member of the Simons family in that same Charlie Battery. As many as four of them have served at the same time in Charlie Battery and three of them served overseas at the same time....fighting for our freedom. Six of them are here today with us to represent all of our National Guard families and all of our service men and women. They truly show that the National Guard is family.

Dean, Kenneth, Michael, David, Dale and Steve, to honor you and the Guard for your service and dedication to our state and to our country, would all of you please stand? Thank you very much.

We have another veteran in our audience today—a veteran who represents the veterans of a different era and a different time in our history. Michael J. Fitzmaurice is a Congressional Medal of Honor Recipient who served bravely in Vietnam. Michael, so that we can thank you and all of our veterans, would you please stand?

I asked Michael to be with us today because later this year there will be another, much larger, assembly of South Dakotans here in Pierre. On September 15th and 16th, thousands of people of all ages will come to Pierre to give special honor and a special thank you to our Vietnam-era veterans. We will honor our state's veterans who served in the Armed Forces from 1961 through 1975, and we will honor and remember the 207 who gave their lives in service to our country. We will dedicate the South Dakota Vietnam War Memorial. The bronze statue that will be added here at Capitol Lake will eternally express our gratitude for the sacrifices our veterans and their families have made. It will be a very special weekend. It will include a grand parade, the special dedication ceremony, a traveling replica of the national Vietnam Memorial Wall in Washington, D.C., and our own Fallen Sons and Daughters display. We will also have Huey helicopters, a military display that's very special, USO tents and a very fitting muscle car display. We are going to have fireworks and concerts by the Beach Boys, Credence Clearwater Revisited, and South Dakota's own Red Willow Band. So, if you are a South Dakotan, past or present, who served in the Armed Forces of this country from 1961 through 1975, we want you here on September 15th and 16th. Here's how you can register. Go to our Web site at www.sdvietnamwarmemorial.com or call 605.773.3688. All of South Dakota wants to thank you for your service.

Over 3 years ago, I and many of the legislators here today offered ourselves to the people of South Dakota for public service.

In 2002, I talked about the idea that "Working Together, We Can Make South Dakota Even Better."

That idea turned into a slogan. But, to me, it was much more than that. I really do believe in those words.

Over the past 3 years, your votes, the actions of our state employees and, most importantly, the actions of the people of South Dakota have proven the truth in those words.....“Working Together, We Are Making South Dakota Even Better.”

When we work together, we create excellent, positive results for South Dakotans and a better quality of life for our people. For example, here are just a few of the positive results we created during the 2005 legislative session. We funded necessary care for children and our elderly. We increased the numbers of dentists eligible for reimbursement for practicing in rural areas. We re-established eligibility for veterans of the first Gulf War to qualify for the veterans' bonus program. We adopted new Uniform Child-Custody Jurisdiction and Enforcement procedures to better protect our children and to improve child custody proceedings. We passed the first major revision of South Dakota's criminal code since 1977. We provided a new way to fund public transportation for our state's special needs citizens, seniors and children. We are taking actions to save innocent young lives in South Dakota and to help people better understand the act of abortion before it may occur. We made it easier for children who have hearing loss to get cochlear implants. We passed a budget without tax increases that reduced our structural deficit from \$22.5 million to a projected \$15.1 million. We created the South Dakota Certified Beef plan.

That's only ten of the 284 new laws we enacted and each of them had a positive, good, real life impact on people's lives and on the lives of their children.

That's why our “Working Together” is so important. The results have real impacts on the lives of thousands and thousands of our fellow South Dakotans.

Let's remember some of the other new laws we created last year in just one area that's been in the news lately. Last year, we appropriated more money for our public universities and our technical institutes. We changed the eligibility requirements of the Richard Hagen-Minerva Harvey Scholarship Program to better serve our Native American students. We continued to support bright young students and encouraged them to stay in South Dakota by funding the South Dakota Opportunity Scholarships. This provides \$1,000 for each of the first 3 years of college and \$2,000 for the fourth year. We increased funding to the four technical institutes sponsored by four local school districts.

For K-12 local school districts last year, I proposed increasing the payments to schools by \$118.70 per student for a total of \$4,205.26 per student, which was the largest ongoing increase in history and the legislature added even more to that

record-breaking amount, another \$32.46 per student. And, this year, I am proposing even more to help our K-12 students to achieve more.

In the budget I gave to you 4 weeks ago, I am proposing an additional on-going \$127.13 in increase in state aid to local schools on a per student basis. I am also proposing a 2 million dollar, one-time appropriation to help pay for the temporary increases in school heating costs due to Hurricane Katrina and I'm also proposing a half million dollars for consolidations.

But I have to tell you, as many of you know there is a group of schools who have funded a study that claims that our school funding is "inadequate." They want a \$102 million increase. That's over \$800 more per student. For a grade school classroom of 20 children, that's \$16,000 more per classroom....forever.

I understand their frustration, but I hope the energy caused by that frustration is put into cooperation and working together instead of suing the citizens of this state.

I want to work with schools and cooperate with schools, but some school officials and I have sincerely different beliefs about how tax dollars should be spent.

Here's what I believe. I believe how education dollars are spent is much more important than just adding \$100 million to what we are already doing.

I think there's a better way. If schools want the citizens of this state to invest more into education, they should have a plan to show the citizens what they will get in return for the extra spending.

With the 2010E, the 2010 Education plan, we aren't just allocating more money. It's about creating goals, objectives and action steps to achieve results for our students. You do that first and then you determine the resources and the money you need to make those desired results happen. Just spending more money won't work.

We will always have scarce resources. That's why it is so important to tie our resources and money directly to creating the results we want and, in so doing, continue to increase the confidence of our taxpayers and our citizens that they would have in our educational system.

I think money should be targeted to certain goals, objectives and actions that will help students to achieve more. That's the ultimate goal—helping our students

learn and achieve more. Goals alone, however, don't get results. You also need objectives and you need action steps. Then, we must commit to taking those action steps every day to get the results we want. This isn't new. It's a proven method that works in successful businesses and organizations, and it should be how we operate our schools. And, it's not how huge the amount of money is—it's how you spend what you have that will make a real positive difference in student achievement. That's what the 2010 Education plan does.

2010E emphasizes targeted actions to help students achieve more. Far from inadequate, most of our schools do a very good job of educating our students. But, we can always do better. Five months ago, at the school administrators and school board members' state convention, I praised our school officials for the achievement improvements our students are making. More students are proficient or advanced in reading—eighty-two percent in 2005 versus 77 percent in 2004. More students are proficient or advanced in math—74 percent in 2005, up from 71 percent in 2004. More schools and school districts are making Adequate Yearly Progress as required by the No Child Left Behind Act.

And, there are many other statistics that show how well we educate our students in comparison to other states. I'm proud of the hard work of our teachers and parents who help our students to achieve more. And, I want to help them all do even better. But, the way to do it is with a targeted approach.

The 2010E includes over 50 separate initiatives that include objectives and actions that are targeted to cause positive change in our education system. And, I invite anyone who cares about education to make suggestions on how to improve our goals, objectives and actions. Working together, we'll make 2010E even better.

The first major concept of the 2010E plan is called Starting Strong. It includes a continuum of services for South Dakota's youngest learners. It lays the foundation for future academic success through initiatives such as access to preschool screening, coordinating preschool opportunities for all 4-year-olds on a voluntary basis, targeted training for teachers, and development of an assessment tool to measure student progress in the primary grades.

When students fall behind what their own development should be, it becomes harder and harder for them to achieve as they grow older. We want to prevent that from happening. We want all children to start strong.

The second major concept of the 2010 Education Initiative is called Finishing Strong. It provides opportunities that prepare all students for postsecondary education and success in today's highly competitive global economy.

Finishing strong includes the laptop initiative, which provides incentive money for school districts to initiate one-to-one laptop programs for high school students. I believe we should begin this pilot project this year.

The final concept of the 2010 Education plan is Staying Strong. Goals in this area involve school funding, teacher recruitment and retention and educational outcomes for Native American students. It includes mentoring programs for new teachers, better support to teachers pursuing advanced degrees and new ways to help school districts increase teacher compensation.

To advance these goals, I will be proposing several changes in law. One bill will require all students to attend kindergarten. Another bill will revise the current statute (13-27-1) to increase compulsory attendance from age 16 to age 18. Another bill will create a school efficiencies program to free up more money for teachers, as a pilot project using declining enrollment funds. Another bill will repeal certain provisions regarding the reduction in state aid to education based on school district general fund balances so that schools have more flexibility in their spending.

If we work together to develop objectives and action plans that will produce the results that people want for their children in school...then we will have the opportunity to accomplish our goals.

I believe cooperation is the best way to get the most accomplished in our state. Just look at the results we have achieved in working together on four huge challenges we faced in the past year.

2005 could have been a terrible year for South Dakota. What if the owners of the Big Stone Power Plant had decided to build somewhere else? What if Ellsworth had been closed? What if the possibility for the world's best deep underground science and engineering lab at Homestake would have failed? What if there hadn't been such a fantastic cooperation by everyone in our disaster response right after Thanksgiving?

We cooperated—East and West River—Democrat, Republican and Independent—big towns/small towns—rural communities. We came together. We created goals,

we allocated money and other resources, we assigned duties, and we implemented action plans. For example, during the 2005 legislative session, you passed new laws to encourage new power plant expansions and development.

On June 30, seven public and private power companies announced the Big Stone II Project, a new 600-megawatt power plant for South Dakota. This billion dollar project will be the largest private and public capital investment ever made in South Dakota. Construction will start next spring. The results will be the employment of 625 to 1,500 construction workers over a 4-year period, 30 to 40 full-time employees for the life of the plant, over \$10 million in one-time construction taxes and over \$4 million in local property taxes every single year.

Because some of Big Stone II's property taxes will be going to support local schools, those schools won't need as much state aid. Therefore, about \$1.4 million will be freed up for all the school districts in the rest of the state. This past October, the builders of Big Stone II made another announcement that shows the benefits of working together. They announced a significant upgrade in the capacity for the transmission lines they will be building. That means there will be 800 to 1,000 megawatts of new transmission capacity available for renewable energy producers, such as energy produced from wind farms.

To recognize the wonderful partnership we now have with the Big Stone II project, Steve Schultz from the Ottertail Power Company is here with us. Steve, please stand and let all of us thank you and all the members of the group for their work on Big Stone II. Steve, thank you.

Because we now have those new laws in place, we are also being considered for a second 600-megawatt, coal-fired power plant. A group of five energy producers and distributors, called the Resource Coalition, is evaluating sites in three states. To help secure that plant and also help Big Stone II provide excellent pollution controls, I will introduce a bill to provide incentives for pollution control equipment. With new equipment, the combined emissions from both Big Stone I and Big Stone II will be the same or less than what is currently being emitted today. Also, with this new law, there would be an additional incentive for more power plants to be built in South Dakota.

At the same time of the Big Stone announcement last summer, thousands of people in South Dakota were united in a struggle to save Ellsworth Air Force Base. What an incredible victory that was—again, because we all worked together.

Working with Senator Johnson, Senator Thune and Congresswoman Herseth, our legislators, our local officials, the Ellsworth Task Force, the Ellsworth Steering Committee and many other local and statewide groups and individuals, we saved Ellsworth from being closed. And, we did it by working together as a team, by being united and by politely, but forcefully, making our case.

The Ellsworth argument was much bigger than just South Dakota. It was about the protection of all Americans, here and overseas. It was about having our B-1 bombers on more than one base with access to more than just one runway so that a natural disaster, like a Hurricane, or terrorist attack could never destroy all of them at once. We reminded the commissioners about Hickam Field and Battleship Row at Pearl Harbor on December 7, 1941.

But saving Ellsworth did not happen overnight. Because of the foresight of individuals who had been working on the needs of Ellsworth for years to make it more competitive with other Air Force bases, starting almost 10 years ago, and because of the investments the people of the local area made in gathering the data and research, our argument was more convincing.

When the three BRAC commissioners came to Rapid City, they told us we were fighting an uphill battle. Speaking for our citizens, I said that climbing hills and even mountains doesn't scare us because this is a state where people look at a mountain and they carve it. Not just a little bit, but the whole thing.

To represent all the people who worked so hard to save Ellsworth, I've asked a very special person to be here. He was and still is the guy we call the "go to guy." If you want to know anything about Ellsworth, you go to this man. Pat McElgunn, would you please stand and be recognized? Thank you.

Six weeks after the BRAC victory, we met in special session to create a new opportunity for South Dakota—that is another example of the benefits of working together.

This time it was you and I and the owners of the closed Homestake Gold Mine, many South Dakota citizens and scientists from Pennsylvania to California.

Scientists need a deep underground laboratory for some of the most important experiments in history. Homestake is a wonderful place for these experiments. In fact, Dr. Ray Davis won the Nobel Prize in Physics in 2002 for the neutrino experiment Homestake allowed him to conduct there.

The results South Dakotans would receive from the operation of a Deep Underground Science and Engineering Laboratory at Homestake would be great and long-lasting. Eventually, it could mean thousands of jobs and the infusion of many millions of dollars into the South Dakota economy. One only needs to look at the development of other national labs.

In a 1-day special session, you appropriated over \$19 million to give South Dakota an even greater opportunity to be selected for the Deep Underground Science and Engineering Laboratory by the National Science Foundation.

Currently, we are in the last stages of completing the legal work to receive the property from the Barrick Gold Corporation.

On the scientific side, the Homestake Collaboration sent out requests for letters of interest on November 1st. So far, we have received 65 letters of interest, which is very exciting and indicates the very real need in the scientific community to have a Deep Underground Science and Engineering Laboratory at Homestake.

The letters of interest represent different scientific disciplines, such as physics, geology, microbiology, education and others. The interested collaborators come from 40 universities, 9 national laboratories and also 15 more universities from 9 other countries. That's really an amazing response.

On February 9th through the 11th, there will be a special workshop in Lead featuring scientists from these universities and labs to present their ideas for review by their peers. Throughout 2006, we will continue determining the needs of the scientists and further design and engineer the laboratory at the 4,850-foot level.

To represent all of the cooperation and collaboration on this project at the local, state, national and international levels, I've asked the Mayor of Lead, Mr. Tom Nelson, to be with us today. Tom, would you please stand up and be recognized for all the hard work being done on this project? Tom, thank you.

Well, you would think that winning a new billion dollar power plant, saving Ellsworth and the Homestake mine project would have been enough excitement for 1 year, but Mother Nature had a different idea. Starting Thanksgiving weekend, we had one of the worst blizzard and ice storms in our state's history. Schools, businesses, highways, roads and streets were closed. More than 10,000 miles of power lines were knocked down or out of service. Over 150 communities lost power from a few hours to several days. The loss of electricity also affected rural

and city water systems. At the storm's peak, over 72 power substations were offline and 56,000 customers were without power.

So, how did the governments, the businesses and the people of South Dakota respond? We didn't yell and we didn't scream, we didn't blame each other for our woes, and we didn't panic. Instead, we rolled up our sleeves and went to work...together. In a coordinated, focused effort, we all worked together to meet our immediate safety needs for people and to bring everything back to normal.

At the state level, we immediately opened the Emergency Operations Center so we could deploy state resources where they were needed and be a focal point for coordination and cooperation. We implemented Operation Door to Door and people physically visited 1,400 households to make sure the people there were okay. Also, Game, Fish and Parks employees made personal contacts with over 500 farm and ranch families. We took that a step further and made over 4,000 phone calls, primarily to people outside of town to make sure they were okay.

In making those contacts, we found elderly people who needed medicine and we got it to them. We found people who had no alternative means of heat at all and we helped them. We found people with special needs and we helped them. One call discovered a very dangerous situation. The family was mysteriously sick and our caller suspected carbon monoxide poisoning. The family was told how to immediately clear their home of the gas and we helped them get an alternative heating source. This same outreach happened spontaneously in every community with neighbors checking on neighbors and people helping each other in thousands of different situations.

Through local cooperation and coordination, 69 local shelters were opened for people who were unable to stay in their homes. The National Guard performed almost 100 missions to help people. All these responses in taking care of people's immediate needs were a testament to the spirit of cooperation in our people.

Also, as soon as the weather allowed, and sometimes even when it really didn't, we started recovery and the restoring of power. More than 100 electric cooperatives and companies from 11 states sent line crews and equipment. They replaced more than 11,000 poles and fixed all the other breakage problems.

And, wherever the storm had hit, throughout the next several weeks, people continued to help each other to bring everything back to normal. It made me feel even more proud to be a South Dakotan.

I wanted to invite someone here today to represent the thousands of people who worked together during this disaster and I thought about those incredible pictures I saw on television one night. It was almost a whited out screen, but there in the white you could barely see a truck in the distance, the stub of a power pole and people moving around. It was the linemen with their utility bucket, replacing a pole... in blizzard conditions. The wind chill must have been at least 20 below, but there they were, starting the repairs already.

So, to represent all the people who worked so hard during the storm, we have one of those hundreds of linemen who came to our rescue. Would you please welcome as I ask Mr. Tim Harrington of Central Electric to please stand? Tim, where are you at? Tim, thank you.

Working together has also created excellent economic results these past 3 years. After losing 1,200 jobs in 2002 due to the national recession, South Dakota gained 900 jobs in 2003 and 5,100 more jobs in 2004. Jobs continued to be added in 2005. As of November, our latest figures, they total nonfarm employment up by about 6,200 jobs over November 2004.

The figures aren't in yet for 2005, but over the previous 2 years, South Dakota ranked first in the nation in terms of its per capita personal income growth. When you do the comparisons, South Dakota is a great place to live, to work and to raise a family.

The Small Business Survival Foundation ranks South Dakota as the number one spot in the country for Business Climate and Entrepreneurial Friendliness. As a matter of fact, South Dakota has been rated number one for the last 3 years in a row.

We are also very pleased to have excellent top 10 rankings in many other categories that are important to both businesses and families. In rankings such as Most Livable States, Quality of Healthcare, Economic Freedom Index, Low Crime Rate, Unemployment Insurance and Quality of Life, we rank in the top five or top ten in comparison to other states.

But there's one more national statistic that really shows how fortunate all of us elected officials are. We work for and with the most honest and hard working people in America. Here's the statistic that proves it. The people of South Dakota, and that includes all the people in this room and everyone else in this great state—

together, all South Dakotans have the number one, the best, consumer credit score in America. That means we are honest and we have a great work ethic.

When the 2010 Initiative was created, hundreds of people at our meetings agreed that we should work together at the local and state levels to create a South Dakota that is economically strong; technologically advanced; culturally rich; attractive to visitors from around the world; and enticing to scientists, researchers, business leaders and young professionals as an excellent place to live, work and raise a family.

Let me give you some examples of our 2010 successes. Goal One of the 2010 Initiative is the doubling of visitor spending by the year 2010. Visitor spending totaled \$601 million in 2001. It has increased every year since then and was more than \$750 million in 2004, moving us well on our way to our 2010 goal of \$1.2 billion. We will know the 2005 increases in just a few weeks.

We're also doing well in achieving Goal Two of the 2010 Initiative, and that is increasing South Dakota's Gross State Product by \$10 billion by the year 2010. In 2001, our Gross State Product was \$24 billion. By the end of 2004, it had grown to \$29.4 billion. That's a \$5.4 billion increase in just 3 years. Again, we'll know our 2005 increases later this year.

Goal Three of the 2010 Initiative isn't as definitive as Goals One and Two, but it's every bit as important to the future of our state—to become a recognized leader in research and technology development by the Year 2010.

Achieving this goal is largely dependent on our plan to secure the Homestake Gold Mine for use as a deep underground science and engineering laboratory, but we are doing many other things as well.

You appropriated \$2.8 million for four research centers that have already had a \$21 million economic impact on our state.

Just a few days ago, we announced a long range plan to meet our current and future higher education needs for graduate programs and more research in the Sioux Falls area, but the benefits will be statewide. Sioux Falls will grow to more than 300,000 people by the year 2040. Another 60,000 people will be in the immediate four-county area. However, only 20 percent of the city's current adult population has a college degree. So, if we want the higher paying jobs of the emerging knowledge and research economy to locate in South Dakota, we need a more highly educated labor force.

Therefore, I will introduce legislation this session to meet that challenge. It will authorize the state to receive a \$5.8 million gift from the Great Plains Education Foundation to the South Dakota Board of Regents for the purchase of 263 acres of land that is currently owned by the state Transportation Department on the northwest side of Sioux Falls. That's where we will establish a permanent location for delivery of public higher education services in this region. I will also ask for an \$8 million appropriation to the Board of Regents for construction of a new instructional classroom building at that location. This will not be a new, separate accredited university. It will be an instructional site where needed courses and programs will be offered by all six of our existing public universities.

These new higher education opportunities also fit right in with Goal Four of the 2010 Initiative, which is to brand and develop South Dakota's quality of life as the best in America. Quality of life includes many things—the arts, history, recreation, housing, rural development, tribal relations and education. Quality of life can be improved and sustained if we have a well educated work force.

That's why we are emphasizing more scholarships for our students. Over the past 2 years, through public and private funds, we have awarded over 1,500 Dakota Corps, South Dakota Opportunity and Hagen-Harvey scholarships. For the next school year, we anticipate awarding 1,000 more scholarships to deserving South Dakota students who want to stay in South Dakota for their higher education. Representing all those students today, we have Sharlene Schmautz and Derik Hag. Sharlene is a student at the University of South Dakota. She plans to be a registered nurse and she wants to work in the Indian Health Service. Derik is a Northern State student and when he graduates, he will become a music teacher in South Dakota. Sharlene and Derik, thank you for choosing to stay in South Dakota for your education. Would you both please stand and be recognized?

To help more students like Sharlene and Derik, I am proposing a transfer of \$1,208,296 from the Cement Plant Trust Fund for scholarships.

Over the past 3 years, we have also helped over 7,000 first time home buyers realize the dream of home ownership.

Goal Five is to uphold our commitment to the 2010 Initiative as a work in progress. Every plan is evaluated to make it better. And never are we ever satisfied with the "status quo." We always welcome suggestions and ideas from anyone.

One of the elements in the 2010 plan that is improving our farm and ranch economy is the South Dakota Certified Beef plan. The federal government talks about country of origin labeling. We're doing better. We're doing state of origin labeling, which gives our producers an advantage that producers in other states would love to have. South Dakota Certified Beef is a growing success because people are working together. If you're a producer, it can mean a premium price for your cattle. If you run a processing plant or meat locker, it can mean capturing more value for the steaks and roasts you're cutting. If you're a restaurant or a market, it will give you a chance to sell premium cuts for a premium price. And all that means keeping more of the value and the profits right here in South Dakota instead of sending it over the border.

The producer and processor training began last year and we already have over 90 producers, 6,000 cattle and four processors enrolled in the program, with more producers and processors coming on line all the time.

From the *Washington Post* to *Newsweek* magazine to media as far away as Japan, the South Dakota Certified Beef program is already attracting national and international attention to our producers.

Turkey processing is another example of how working together will improve our ag economy. Over 40 turkey growers in South Dakota and near our borders in Minnesota and North Dakota grow over 6 million turkeys every year. But, right now, all those turkeys leave this region and are processed somewhere else. That means the jobs and the profits go somewhere else as well. We worked with those growers to encourage them to build a turkey processing plant in South Dakota. The dream is now a reality. The construction of a brand new 150,000-square-foot turkey processing plant in Huron was completed a few weeks ago. New employee training is going on right now. And, the plant will officially open for business next Monday, January 16th.

As the Dakota Turkey Growers plant ramps up and processes more and more turkeys, it will employ up to 387 people over the next 3 years and perhaps more than 750 people within the next 5 years.

We've had an excellent record of new private investment in South Dakota the last 3 years. A great example of that happened last September when John Morrell and Company announced their \$100 million pork processing expansion in Sioux Falls, and 200 more people will be added to the already large payroll of a 3,200-person payroll.

Growth, development, expansion and new investment are happening throughout the state. There's Progressive Financial Services in Aberdeen, Capital Card Services in Brookings, Macfarlane Gun and Rifle in Sturgis, Link One in Deadwood, Ring Container Technologies in Belle Fourche, Concealite in Elkton, Badger Holdings in North Sioux City, OEM in Watertown, EDP in Webster, Masaba Mining and Manufacturing in Vermillion, Janasa Limited in Wilmot, Valley Queen Cheese in Milbank, and dozens more.

But I want to add a little bit more about Valley Queen Cheese, because their expansion is estimated to be a \$40 million capital investment, which is a very substantial amount for any one company. It will also mean 30 more jobs.

Another \$40 million in capital investment has been added to our state economy the last 2 years through dairy farm development, retention and expansion. South Dakota is now showing the highest rate of increase in milk production of any Great Plains state.

The growth of our ethanol industry has also been excellent. Three new ethanol plants were permitted last year and two more are in the process. Once these projects are completed, South Dakota will be ranked fourth in the nation in ethanol production with over 600 million gallons of ethanol being produced every year. But, by working together with our farmers and the builders of ethanol plants, I think we can do even better.

We have been working with VeraSun Energy, a Brookings-based company that currently operates a 120-million-gallon ethanol production facility in South Dakota near Aurora. VeraSun also has a similar operation in Fort Dodge, Iowa. The company has been considering additional expansion opportunities throughout the United States, and, of course, we have been working to help them say yes to expanding their business right here in South Dakota. This expansion would involve capital expenditures in excess of \$100 million and a substantial number of new jobs for our people in South Dakota. While the final decision depends upon the completion of several business agreements such as transportation, utilities and air and water permits, VeraSun desires to begin construction this year.

To help make this project happen, I am introducing a bill to extend the tax refund for agricultural processing facilities to include expansions of existing facilities. Right now, only new facilities can get those incentives. Our hope is that this bill will act as a catalyst to encourage other processing businesses, in addition to VeraSun, to expand within South Dakota. We have on hand today the founder and

CEO of VeraSun, Don Endres, as well as Paul Schock, Vice-president of Corporate Development. Gentlemen, would you please stand so that we can recognize you? Don and Paul. Thank you.

In a special session in 2003, the legislature created the risk pool to help provide health insurance coverage to those who have lost their existing medical health insurance through no fault of their own. Over 600 individuals now receive health care coverage. Because it can handle more people, I will introduce a bill to expand eligibility for the risk pool. The number of additional people will depend on proposed federal funding.

Recent data indicates the medical providers have shouldered more than their fair share of the cost burden of operating the pool. I am, therefore, introducing a bill to increase reimbursement for medical providers participating in the risk pool.

To help expand the number of insurance options for people, I will also be introducing a third bill to encourage more insurance companies to offer individual insurance policies within South Dakota.

Also, because Congress still has not completed action on funding the federal Low Income Heating and Energy Assistance Program, I may put in a bill at the deadline to make sure needy South Dakotans get the heating assistance they need.

Congress has also not acted on a comprehensive anti-methamphetamine bill, so I am going to introduce a bill that strengthens our laws. Our prison population increased by 11 percent last year and one of the major reasons is that methamphetamines are becoming a bigger and bigger problem in South Dakota. Seventeen percent of the men and forty-one percent of the women who entered prison last year had a meth problem. The bill will require retailers to make a written log of the person purchasing one of the products that is used in making meth, particularly pseudoephedrine or ephedrine products. To make it easier for people using the drug properly, there will be an exception to the two-package-limit that currently exists when it is prescribed for the patient by a physician. The bill will also require that all products containing pseudoephedrine or ephedrine as an active ingredient be moved behind a counter where the public is not allowed, or in a locked case.

I will also be introducing a sex offender bill. My proposal will increase penalties for recidivist sex offenders, require risk assessment before sentencing, require a description of the offender's crime to be listed on the registry, specify procedures

for registering incarcerated sex offenders, create a new felony for harboring a sex offender, create a new felony for convicted sex offenders who threaten to commit additional sex crimes, and create a process where certain sex offenders can be determined ineligible for parole.

At this time, I'd like to also compliment the Attorney General for a pilot "Sobriety Project" that has been implemented in eight counties. It is an excellent example of state and local cooperation, and it's working. As a condition of sentencing or bond, the alcohol-related offenders stay away from bars and alcohol. They also submit to breathalyzer tests twice daily.

The preliminary data gathered so far indicates that this routine is causing treatment to be easier and more successful. The offender's family and the public are safer. The offender spends less time in jail, can stay employed and it costs the taxpayers less money. This program also keeps people out of prison where taking care of the offender is even more expensive.

Legislation will also be introduced by the Unemployment Insurance Advisory Council to fix problems with the Unemployment Insurance Trust Fund. By passing the recommendations of the Unemployment Insurance Advisory Council, major system problems will be solved and the citizens of South Dakota will continue to have a healthy, well-run unemployment insurance system.

In 1997, as a State Senator, I sponsored a bill to raise the minimum wage. It hasn't been raised since then. I believe this year we should raise the minimum wage in South Dakota once again. Currently, it is \$5.15 an hour and I don't have a figure yet for the new increase that I would be proposing because I'm still looking for additional information and I've requested additional data to make the right recommendation. But I will introduce a bill prior to the introduction deadline.

Ladies and gentlemen, I welcome the opportunity to work with all of you during this legislative session. Today, I have asked many people to stand up and be recognized. We started with recognizing our veterans. I've tried to do that more often wherever I've gone in South Dakota in the last 2 years because I don't think military men and women get the thanks they deserve. It's a really difficult task to truly give them the thanks they deserve because you see we owe them everything.

I've talked about all of the good things that we've had happen here in South Dakota but not every family has had good things happen to them. In the past

3 years, 16 of our fellow citizens have given the ultimate sacrifice of their lives for us: Warrant Officer Hans Gukeisen of Lead; Private First Class Michael Deuel of Nemo; Private First Class Sheldon Hawk Eagle of Eagle Butte; Chief Warrant Officer Scott Saboe of Willow Lake; Captain Christopher Soelzer of Sturgis; Sergeant Dennis Morgan of Valentine, Nebraska, and Winner; Staff Sergeant Cory Brooks of Philip; Marine Lance Corporal Jeremy Bohlman of Sioux Falls; Marine Lance Corporal Joseph Welke of Rapid City; Private First Class Gunnar D. Becker of Forestburg; Army Staff Sergeant Jason Montefering of Parkston; Chief Warrant Officer Paul Pillen of Keystone; Army Specialist Daniel D. Bartels of Huron; Sergeant First Class Richard Schild of Tabor; Staff Sergeant Daniel M. Cuka of Yankton; and, last Saturday, Marine Corporal Brett Lundstrom of Black Hawk.

When you hear the names and you meet the families, the price of protecting our freedoms becomes very personal. Sometimes, when you and I gather, we take for granted the freedoms that these men have made the ultimate sacrifice to defend. Let us not forget the freedoms and the memory of these heroes, the freedom for a guy like me to stand up here in front of you and to tell you what I believe and what I look forward to in the future—that freedom of speech is not protected by the speech writer, but by the men and the women who wear the uniform of the United States of America. Think just for a second about the freedom that everyone of us has had to choose the job or the profession of our own choice and to succeed in that job or profession or business or to fail in it. That freedom is not protected by the economist but by the men and women who wear the uniform of the United States of America. And think for just a second about that freedom that we take for granted. When on a regular basis each and everyone of us has the opportunity to worship the good Lord the way that we see fit whether it be in a church, synagogue, mosque, or cathedral, that freedom of religion is not protected by the preacher but by the men and the women who generation after generation have worn the uniform of the United States of America. Today, they're here with us. I would ask, in closing, that all of our current members of the Armed Forces that wear that uniform so proudly and all of those who have worn it as a veteran and from previous generations that have defended the freedoms of this country, would all of you please stand and be recognized by the rest of us that live in freedom because of the sacrifice and the service that you and your families have made, please stand and be recognized.